

**MINUTES
REGULAR MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**Friday, July 18, 2008
8:30 a.m., MST**

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. Michael Townsend, Chair of the ASRS Board, called the meeting to order at 8:35 a.m., MST.

The meeting was teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Michael Townsend, Chair
Dr. Keith Meredith, Vice Chair (via teleconference)
Mr. Tom Connelly
Mr. Jaime Gutierrez (via teleconference)
Mr. Chris Harris (via teleconference)
Mr. Jim McLaughlin
Mr. Larry Trachtenberg
Mr. Steve Zeman

Absent: Mr. Dave Byers

A quorum was present for the purpose of conducting business.

2. Presentation, Discussion and Appropriate Action Regarding the PRIDE Award for Results

Mr. Paul Matson, Director, recognized the Tucson Team as the winners of the PRIDE Award for Results. Ms. Julie Lockwood, Member Services Administrator, accepted the award on behalf of the Tucson team.

3. Approval of the Minutes of the May 16, 2008 Regular Session of the ASRS Board

Motion: Mr. Steve Zeman moved to approve the minutes of the May 16, 2008, Regular Session of the ASRS Board.

Mr. Chris Harris seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

4. Approval, Modification or Rejection of Recommended Administrative Law Judge's Decisions

Mr. Tom McClory, Assistant Attorney General, gave a brief description of Mr. Timothy H. Martin's case. Mr. McClory stated that Mr. Martin had not provided any documentation to support his claim for Long Term Disability.

Motion: Mr. Steve Zeman moved to accept the ruling of the Administrative Law Judge and correct “VPG” to “VPA” on page four, lines 12, 13 and 19 and on page five, line one.

Mr. Tom Connelly seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

Mr. Townsend stated that the second appeal, regarding Ms. Jessica Moroz, would be moved to later in the meeting.

5. Presentation, Discussion and Appropriate Action Regarding 2008 ASRS Legislation

Mr. Pat Klein, Assistant Director, External Affairs Division, and Ms. Lesli Sorensen, Government Relations Officer, addressed the Board regarding the 2008 ASRS Legislation. Ms. Sorensen gave a final update of the 2008 legislative session.

6. Presentation, Discussion and Appropriate Action Regarding the Investment Beliefs and Values Proposition

Mr. Paul Matson, Director, addressed the Board regarding the Investment Beliefs and Values Proposition. As the result of a prior request by a Trustee, Mr. Matson stated that staff documented the IMD Investment Beliefs. In addition, staff documented the Value Proposition. Mr. Matson discussed the two documents and explained that these documents highlight the beliefs of IMD and will be published on the ASRS website.

4. (Continued) Approval, Modification or Rejection of Recommended Administrative Law Judge’s Decisions

Mr. Michael Townsend stated that the Board would now return to agenda item #4B: Approval, Modification or Rejection of Recommended Administrative Law Judge’s Decision for Ms. Jessica Moroz.

Mr. Pat Klein, Assistant Director, External Affairs, gave a brief summary of Ms. Moroz’s appeal. Mr. Klein stated that Ms. Moroz had not provided the medical documentation required to continue her Long Term Disability status.

Motion: Mr. Steve Zeman moved to accept the ruling of the Administrative Law Judge.

Mr. Larry Trachtenberg seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

7. Presentation, Discussion and Appropriate Action Regarding ASRS Cost Savings Initiatives

Mr. Matson addressed the Board regarding ASRS Cost Savings Initiatives. Mr. Matson stated that as a result of a Trustee request, the ASRS presented information regarding the cost savings initiatives pursued over the past several years.

8. Presentation, Discussion and Appropriate Action Regarding Board Elections

Mr. Michael Townsend addressed the Board regarding Board elections. Dr. Keith Meredith, Vice Chair, stated he believed that continuity and preparation were key in maintaining a smoothly run Board, and that as a result he would suggest another Trustee is elected to the Vice Chair position this year.

Motion: Dr. Keith Meredith moved to nominate Mr. Michael Townsend as Board Chair.

Mr. Jaime Gutierrez seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

Mr. Larry Trachtenberg thanked Dr. Meredith for his years serving as Board Chair and Vice Chair. Mr. Trachtenberg acknowledged Mr. Dave Byers for his years of service to the Board, his dedication to member issues, and his service as Chair of the Operations Committee.

Motion: Mr. Larry Trachtenberg moved to nominate Mr. Dave Byers as Board Vice Chair.

Mr. Steve Zeman seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

9. Director's Report

Mr. Paul Matson recognized Dr. Keith Meredith for his years of service to the Board as Chair and Vice Chair. Mr. Matson stated that Dr. Meredith is wonderful to work with and has been and will continue to be a valuable member of the Board.

Mr. Matson informed the Board that Mr. Dave Byers had intended to attend the meeting and was duly prepared, but was unavoidably held up with travel delays.

Mr. Matson stated that a new Retiree Newsletter has been created for Retirees and a copy has been provided to the Trustees. This newsletter will be sent out to Retirees four times each year and welcomed suggestions and feedback from Retirees.

Mr. Matson asked Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, to update the Board regarding a new report in the Operations Report section of the Board book. Mr. Guarino stated that at this time the Hiring Freeze has not dramatically affected the ASRS. While a number of important member services are experiencing greater than normal risk, the only area currently experiencing negative effects due to the hiring freeze is the External Affairs Division.

Mr. Matson formally recognized various ASRS Member Groups and individual members for their help this past Legislative session. Mr. Matson asked for numerous highly engaged and supportive members

to stand and be recognized by staff for their efforts. Staff joined Mr. Matson in applauding the special efforts of these members.

10. Possible Presentation Regarding Board Committee Updates

Mr. Jaime Gutierrez, Chair, External Affairs Committee (EAC), stated that the next EAC meeting will be in October.

Mr. Larry Trachtenberg, Chair, Investment Committee (IC), stated that the next IC meeting will be sometime in October or perhaps sooner.

Mr. Steve Zeman, Operations Committee (OC), stated that the next OC meeting would be July 24, 2008.

11. Board Requests for Agenda Items

There were no requests for agenda items.

12. Call to the Public

There were no requests to speak.

13. The next ASRS Regular Board meeting is scheduled for Friday, August 15, 2008, at 8:30 a.m., at 3300 N. Central Avenue, 10th Floor Board room, Phoenix, Arizona.

14. Adjournment of the ASRS Board

Mr. Townsend adjourned the July 18, 2008 Board meeting at 9:52 a.m.

ARIZONA STATE RETIREMENT SYSTEM

Anne Schrode, Secretary

Date

Paul Matson, Director

Date